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051300Z Jul 00

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ACTION AF-00

INFO	LOG-00	NP-00	AGRE-00	AID-00	ACQ-00	CEA-01	CIAE-00
	SMEC-00	CTME-00	INL-01	DINT-00	DODE-00	DOEE-00	DOTE-00
	SRPP-00	DS-00	EB-00	EUR-00	EXIM-01	E-00	FAAE-00
	FBIE-00	VC-00	FRB-00	H-01	TEDE-00	INR-00	ITC-01
	LAB-01	L-00	VCE-00	AC-01	NSAE-00	OMB-01	OPIC-01
	PA-00	PM-00	PRS-00	ACE-00	P-00	SP-00	IRM-00
	SSO-00	SS-00	STR-00	T-00	USIE-00	FMP-00	PMB-00
	DSCC-00	DRL-02	G-00	NFAT-00	SAS-00	/011W	

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FM AMEMBASSY HARARE  
TO SECSTATE WASHDC PRIORITY 6508  
INFO SOUTHERN AFRICAN DEVELOPMENT COMMUNITY  
AMEMBASSY LONDON  
USDOC WASHDC  
NSC WASHDC  
DEPTTREAS WASHDC

C O N F I D E N T I A L SECTION 01 OF 02 HARARE 003637

SIPDIS

STATE FOR AF, AF/S, AF/EPS, EB/IFD/ODF, EB/TPP/ODC  
TREASURY FOR ED BARBER AND GRACE SONE  
USDOC FOR 2037/ERIC HENDERSON  
STATE PASS USTR/RWHITTAKER  
NSC FOR SENIOR AFRICA DIRECTOR GAYLE SMITH  
LONDON FOR PFLAUMER

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E.O. 12958: DECL: 07/05/05  
TAGS: [ECON](#) [EFIN](#) [PREL](#) [EAGR](#) [PINR](#) [ZI](#)  
SUBJECT: AMBASSADOR CALLS ON FINANCE MINISTER MURERWA AND HEARS  
PARTY PLATITUDES ON A TURNAROUND PLAN

CLASSIFIED BY AMBASSADOR MCDONALD, REASON 1.5 (B), (D)

1. (C) SUMMARY: IN A JULY 3 MEETING WITH THE FINANCE MINISTER, MURERWA TOLD US THAT HALTING ZIMBABWE'S ECONOMIC TAILSPIN WAS THE GOVERNMENT'S NUMBER ONE PRIORITY, IN PART AS A RESPONSE TO THE STRONG SHOWING OF THE OPPOSITION IN THE RECENT PARLIAMENTARY ELECTIONS. HE COULD NOT PROVIDE US SPECIFICS ON HOW THIS WOULD BE CARRIED OUT. HE ALSO TOLD US THAT WHETHER HE WOULD STAY ON AS FINANCE MINISTER WAS STILL IN THE AIR, AND APPEARED TO US TO BE READY FOR A CHANGE IN DUTIES. HE LAMENTED THE RECENT ELECTION VIOLENCE, AND MOUTHED THE PARTY LINE THAT THE WHITE FARMERS COERCED THEIR WORKERS TO SUPPORT THE MDC. AT THE HEAD OF FINANCE, IT MAY BE TIME FOR A CHANGE. END SUMMARY.

2. (C) IN A CALL ON FINANCE MINISTER HERBERT MURERWA ON JULY 3, ACCOMPANIED BY ECON/COMM CHIEF AND POLOFF, THE AMBASSADOR WAS ADVISED THAT ADDRESSING ZIMBABWE'S SEVERE ECONOMIC PROBLEMS WILL BE THE GOVERNMENT'S NUMBER ONE PRIORITY. ACKNOWLEDGING THAT THE MDC'S STRONG SHOWING IN THE JUST COMPLETED PARLIAMENTARY ELECTIONS WAS DUE TO THE ELECTORATES BAD ECONOMIC PLIGHT, THE MINISTER STATED THAT THE RULING PARTY KNEW THAT "BREAD AND BUTTER ISSUES" ARE PARAMOUNT. "THE PARTY PERFORMED POORLY", MURERWA TOLD US, "BECAUSE OF THE PROTEST VOTE AND, ESPECIALLY IN MATABELELAND, BECAUSE THE OPPOSITION HAD ENCOURAGED AN ETHNIC SPLIT", A DEVELOPMENT THE MINISTER LAMENTED. THE MINISTER WARNED AGAINST THE DANGERS OF FANNING ETHNIC TENSIONS IN ZIMBABWE, AND IMPLIED THAT THE RULING PARTY WOULD NOT

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TOLERATE ANY SUCH ACTIONS FROM THE NEW OPPOSITION PARTY. MURERWA PROCLAIMED THE SAVING GRACES OF THE LONG-STALLED "MILLENNIUM ECONOMIC RECOVERY PROGRAM", DECLARING THAT IT WOULD "TACKLE THE ROOT CAUSES OF INFLATION, CREATE A BETTER ENVIRONMENT FOR FOREIGN DIRECT INVESTMENT, RESOLVE THE LAND ISSUE ONCE AND FOR ALL, AND FULFILL THE GOVERNMENT'S GOAL OF CREATING JOBS IN THE URBAN AREAS, ETCETERA, ETCETERA." LIKE THE PLAN ITSELF, THE MINISTER WAS MUM ON JUST HOW THESE ADMIRABLE GOALS WOULD BE ATTAINED. WHEN THE POLITICAL OFFICER QUESTIONED IF THE GOZ HAD THE ASSETS AND RESOURCES TO EXECUTE AN AMBITIOUS LAND PROGRAM AND URBAN JOBS PROGRAM AT THE SAME TIME, THE FINANCE MINISTER BEAMED AT US AND DODGED THE QUERY.

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WILL HE STAY ON AS FINANCE MINISTER?  
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3. (C) ON THE MATTER OF HIS POSSIBLE REAPPOINTMENT, MURERWA WAS EXTREMELY CIRCUMSPECT. (COMMENT: IN RECENT DAYS THE RUMOR MILL HAS PLACED GIDEON GONO, MANAGING DIRECTOR OF THE COMMERCIAL BANK OF ZIMBABWE, AT THE HEAD OF THE SUCCESSION LIST; THOUGH THE JOB'S VALUE

AS A REWARD FOR GONO'S TIRELESS EFFORTS TO SECURE FINANCING FOR THE COUNTRY'S FUEL IMPORTS CAN BE QUESTIONED. THIS IS BECAUSE THE NEXT FINANCE MINISTER WILL FACE THE DAUNTING TASK OF HAVING TO PULL ZIMBABWE OUT OF A VERY DEEP ECONOMIC HOLE, WITH INFLATION, A SEVERE BALANCE OF PAYMENTS IMBALANCE AND A RUNAWAY BUDGET DEFICIT AS THE BIGGEST NEAR-TERM CHALLENGES. END COMMENT.) MURERWA JOKED THAT PERHAPS BECOMING THE MINISTER OF EDUCATION, SPORTS AND CULTURE WOULD BE PREFERABLE, AS THEN HE COULD AT LEAST VISIT ALL THE COUNTRY'S GOLF COURSES.

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THE PATH FORWARD  
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14. (C) ON A MORE SERIOUS POLITICAL NOTE, THE MINISTER DECLARED THAT IT WAS TIME FOR HIS COUNTRY TO HEAL ITS WOUNDS AND MOVE FORWARD. THE HISTORIC LAND INEQUALITY ISSUE HAD TO BE SOLVED, AND ZIMBABWE PUT BACK ON THE PATH TO GROWTH AND DEVELOPMENT. THE AMBASSADOR MADE THE POINT THAT THE UNITED STATES COULD HELP ZIMBABWE DEAL WITH ITS ECONOMIC MISTAKES, BUT THE GOVERNMENT'S HUMAN RIGHT VIOLATIONS INFLICTED ON ITS OWN PEOPLE WERE NOT ACCEPTABLE. THE ECON OFFICER ALERTED THE MINISTER TO THE ELIGIBILITY REQUIREMENTS OF THE AFRICAN GROWTH AND OPPORTUNITY ACT (AGOA), STATING THAT HUMAN AND DEMOCRATIC RIGHTS ISSUES, RATHER THAN MARKET AND OPERATING ENVIRONMENT ISSUES, WERE NOW MORE PROBLEMATIC FOR ZIMBABWE. THE MINISTER ASSURED US THAT ENHANCING RELATIONS WITH THE UNITED STATES WAS A TOP PRIORITY OF HIS GOVERNMENT, AND PROMISED POSITIVE STEPS TO DECISIVELY QUALIFY FOR THE BENEFITS OF THE AGOA. (NOTE: THE MINISTER WAS SURPRISINGLY UNINFORMED ABOUT THE PROVISIONS OF THE AGOA DEADLINES, ALTHOUGH HE RESPONDED TO ECON/COMM CHIEF'S POINTS ON THE NEED TO ACT QUICKLY TO ENSURE THAT ZIMBABWE QUALIFIES THIS FISCAL YEAR. END NOTE) ON THE DETAILS OF THE LAND REFORM PROGRAM HE TOLD US WE WOULD HAVE TO TALK WITH VICE PRESIDENT MSIKA AND THE MINISTRY OF AGRICULTURE. HE FLATLY STATED THAT A DECISION ON DEVALUATION WOULD HAVE TO AWAIT THE APPOINTMENT OF A NEW CABINET, WHICH HE EXPECTED TO CONTAIN ABOUT HALF NEW FACES. THE MINISTER CLOSED BY ASSURING US THAT A TURNAROUND WAS LOOMING, THOUGH HIS TESTIMONY DELIVERED WITH

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CHARACTERISTIC BONHOMIE, DID NOT SUFFICE TO MAKE US TRUE BELIEVERS.

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POLITICAL VIOLENCE  
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15. (C) THE MINISTER SAID THE COUNTRY NEEDED TO MOVE FORWARD, AFTER ITS RECENT ELECTION SEASON VIOLENCE, AND FOCUS NOW ON ECONOMIC RECOVERY. HE DOWNPLAYED, HOWEVER, THE DEGREE OF VIOLENCE ZIMBABWE JUST EXPERIENCED, NOTING THAT SOUTH AFRICA HAS MORE VIOLENCE ON A DAILY BASIS THAN ZIMBABWE HAD DURING ITS ELECTION PERIOD. HE

CONCEDED THAT THE MOVEMENT FOR DEMOCRATIC CHANNGE IS A "NATIONAL PARTY" AND HOPED THAT IT WILL WORK WITH THE RULING PARTY TO ADDRESS THE COUNTRY'S ECONOMIC PROBLEMS.

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COMMENT  
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16. (C) MURERWA APPEARED TIRED BUT RESIGNED AND NOT QUITE SURE OF WHERE HE SHOULD HANG HIS HAT AS THE NEWLY REELECTED MP FOR GOROMONZI. THAT HIS BATTERIES ARE LOW IS NO SURPRISE, AND ALTHOUGH ONE OF THE MORE DECENT MINISTERS, A NEW FACE IN HIS CHAIR WOULD BE WELCOME BY US; PROVIDED THE PERSON IS COMPETENT, OPEN-MARKET ORIENTED, AND NOT MERELY A SYCOPHANT OF THE POLITBURO OR PRESIDENT. END COMMENT.

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MCDONALD

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